



Overview

Investment of State of Nevada General Portfolio funds is a function performed by the State Treasurer, who, by the provisions of State statute, has adopted guidelines for the prudent investment of these funds. The General Portfolio encompasses governmental, proprietary, and fiduciary funds of the State. Investment objectives include safety of principal, portfolio liquidity, and market return, which are consistent with a conservative, moderate duration portfolio of securities.

Investment Guidelines

The permissible investments of the General Portfolio include United States Treasury and Agency securities, repurchase agreements, high quality corporate notes and commercial paper, negotiable certificates of deposit, municipal bonds, and banker's acceptances. These securities are diversified to prevent over-concentration in a specific maturity, a specific issuer, or a specific class of securities. The targeted duration of the portfolio is one and a half years, with no single security extending longer than ten years.

The State Treasurer maintains a conservative, moderately active investment strategy. Cash flow forecasts are prepared to identify operating cash requirements that can be reasonably anticipated. In order to maintain sufficient liquidity, a portion of the portfolio is structured so that securities mature concurrent with cash needs in the short- and medium-term. Monies deemed to have a longer investment horizon are invested to take advantage of longer-term market opportunities.

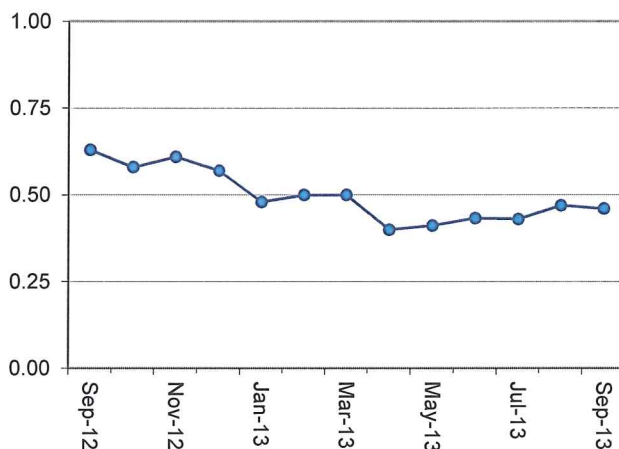
Performance

The suggested benchmark monitors the weekly General Portfolio yield against the six-month U.S. Treasury Bill's average yield over the last six month period (Rolling six-month T-Bill). As of September 30, 2013, the General Portfolio yield was .46%, and the outperformance of the benchmark was 40 basis points.

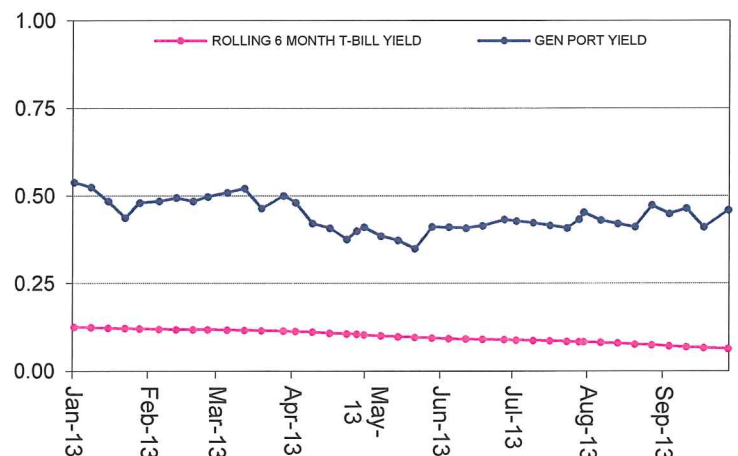
Market Conditions

In the quarter ending in September, payroll growth averaged 143,000 jobs per month, a decrease from last quarter of 196,000. The unemployment rate decreased to 7.2%, the lowest level since November 2008, from last quarter of 7.6%, versus Nevada's rate of 9.5%, decreasing from 9.6% in the last quarter. Consumer confidence declined to a reading of 79.7 in September, from 81.4 in June; as consumers are uncertain that momentum can be sustained in the months ahead. In September, existing home sales dropped by 1.9%, and was the result of increased rates and rising home prices. Nevada, meanwhile, experienced a drop in mortgage delinquencies, a slowdown in foreclosures, and an increase in home prices, while the number of sales decreased. Lastly, the GDP rate has not been released for this quarter; although it is estimated to be at 2.6%, an increase from the previous quarter of 1.7%. The government shutdown will have an affect on the growth of the economy for the last quarter of the year.

HISTORICAL GENERAL PORTFOLIO YIELD



ROLLING 6 MONTH T-BILL YIELD VS. GENERAL PORTFOLIO YIELD

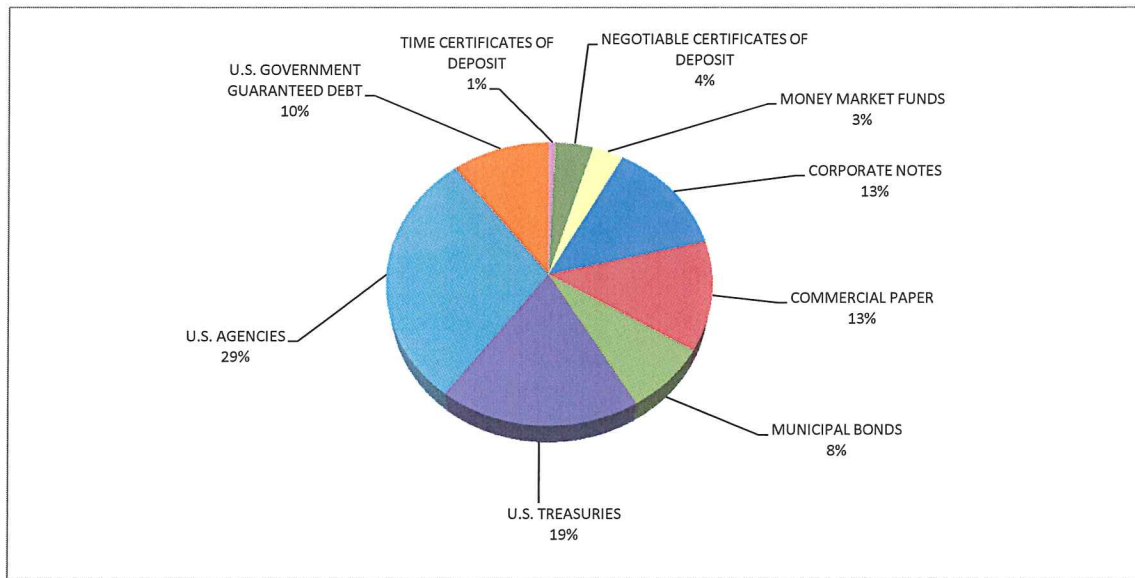


Administration

The State Treasurer has adopted an Investment Policy relating specifically to the General Portfolio. The State Board of Finance shall review and approve or disapprove the policies established by the State Treasurer for investment of money of the State at least every four months. The State Treasurer hereby confirms all General Portfolio investments are in compliance with the Terror-Free Investment Policy and the Divestiture Policy. The General Portfolio may be audited at any time, either internally or externally. A copy of the detailed investment portfolio holdings is available upon request or at the State Treasurer's website at: <https://nevadatreasurer.gov/StatePortfolios.htm>.

GENERAL PORTFOLIO Amortized Book Value and Purchased Interest

	<u>September 30, 2013</u>		<u>June 30, 2013</u>	
	<u>Amortized Book</u>	<u>Purchased Interest</u>	<u>Amortized Book</u>	<u>Purchased Interest</u>
REPURCHASE AGREEMENTS	\$ -		\$ -	
TIME CERTIFICATES OF DEPOSIT	10,100,000		200,000	
NEGOTIABLE CERTIFICATES OF DEPOSIT	60,000,000		60,000,000	
MONEY MARKET FUNDS	50,000,000		0	
ASSET-BACKED SECURITIES	0		0	
MORTGAGE-BACKED SECURITIES	20,711		29,513	
CORPORATE NOTES	201,570,835		199,797,924	8,556
COMMERCIAL PAPER	189,662,852		95,718,845	
MUNICIPAL BONDS	118,170,236	3,472	124,513,365	3,472
U.S. TREASURIES	283,276,764	424,384	242,423,005	62,572
U.S. AGENCIES	445,172,280	4,861	697,920,464	-
U.S. GOVERNMENT GUARANTEED DEBT	158,115,459	45,263	109,596,990	40,183
TOTAL	\$ 1,516,089,137	\$ 477,980	\$ 1,530,200,106	\$ 114,784
GRAND TOTAL	\$1,516,567,117		\$1,530,314,890	



YEAR-TO-YEAR BOOK VALUE AND PURCHASED INTEREST COMPARISON

September 30, 2013 September 30, 2012

TOTAL PORTFOLIO	\$1,516,567,117	\$ 1,302,130,645
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Overview

The State of Nevada Local Government Investment Pool (LGIP) was established as an alternative investment program to be utilized by local governments for their public funds. This program's operation is the responsibility of the State Treasurer who, by the provisions of state statute, has adopted guidelines for the prudent investment of these pooled funds. Any local government, as defined by NRS 354.474, may deposit its public monies into this fund for purposes of investment. As of September 30, 2013, there were 86 members of the LGIP, which includes cities, counties, school districts, and various special districts. The LGIP's foremost investment objectives include safety of principal, portfolio liquidity, and market return, which are consistent with a conservative, short duration portfolio.

Investment Guidelines

The permissible investments of the LGIP include United States Treasury and Agency securities, repurchase agreements, high quality commercial paper, negotiable certificates of deposit, municipal bonds and banker's acceptances. These securities are diversified to prevent over-concentration in a specific maturity, a specific issuer, or a specific class of securities. The average maturity of the portfolio must not exceed 150 days, and no single security may be longer than two years.

The State Treasurer maintains a conservative investment strategy, which incorporates the matching of maturing securities to the cash needs of the participants. Approximately 10% of the fund matures on a daily basis, ensuring sufficient liquidity to meet both anticipated and unanticipated withdrawals. Additionally, at least 50% of the fund will mature within 90 days to minimize risks that market value of securities will significantly fall due to adverse changes in general interest rates.

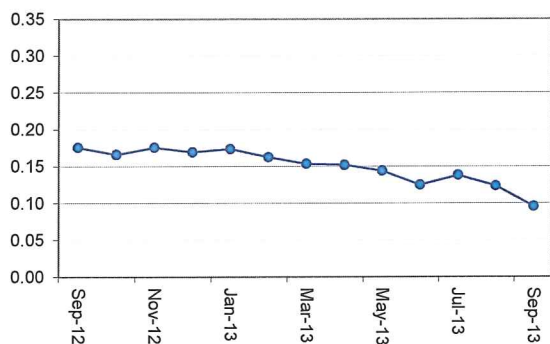
Performance

The suggested benchmark monitors the weekly LGIP portfolio yield against the 90 day U.S. Treasury Bill's average yield over the last three month period (Rolling 90 day T-bill). As of September 30, 2013, the LGIP's portfolio yield was .11% and the outperformance of the benchmark was 8 basis points.

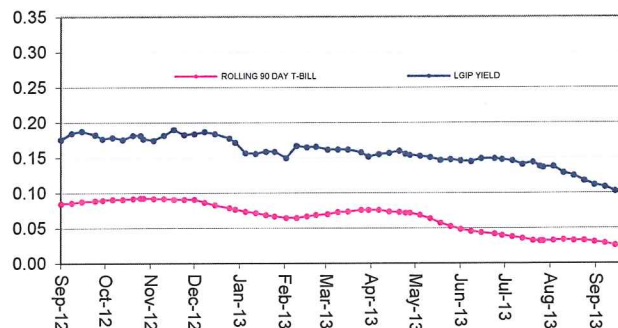
Market Conditions

In the quarter ending in September, payroll growth averaged 143,000 jobs per month, a decrease from last quarter of 196,000. The unemployment rate decreased to 7.2%, the lowest level since November 2008, from last quarter of 7.6%, versus Nevada's rate of 9.5%, decreasing from 9.6% in the last quarter. Consumer confidence declined to a reading of 79.7 in September, from 81.4 in June; as consumers are uncertain that momentum can be sustained in the months ahead. In September, existing home sales dropped by 1.9%, and was the result of increased rates and rising home prices. Nevada, meanwhile, experienced a drop in mortgage delinquencies, a slowdown in foreclosures, and an increase in home prices, while the number of sales decreased. Lastly, the GDP rate has not been released for this quarter; although it is estimated to be at 2.6%, an increase from the previous quarter of 1.7%. The government shutdown will have an affect on the growth of the economy for the last quarter of the year.

HISTORICAL LGIP PORTFOLIO YIELD



ROLLING 90 DAY T-BILL YIELD VS. LGIP PORTFOLIO YIELD

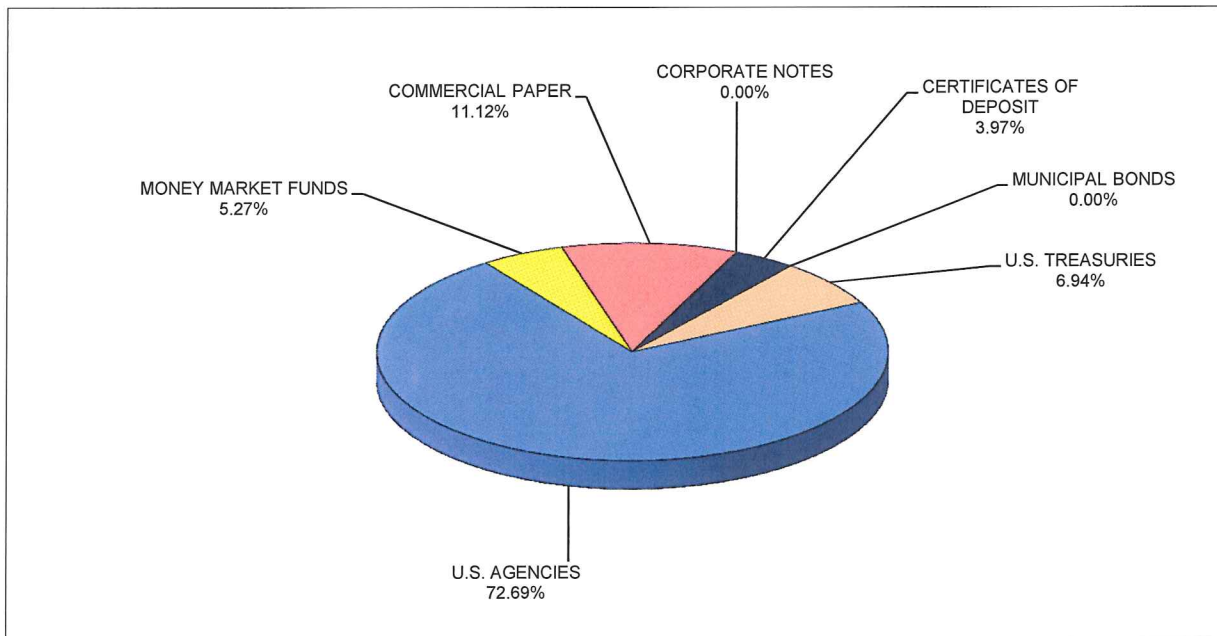


Administration

The State Treasurer has adopted an Investment Policy relating specifically to the LGIP. The State Board of Finance shall review and approve or disapprove the policies established by the State Treasurer for investment of money of the LGIP at least every four months. The State Treasurer hereby confirms all LGIP investments are in compliance with the Terror-Free Investment Policy and the Divestiture Policy. The State Treasurer may contract with an independent auditor to review LGIP transactions for accuracy and fairness in reporting. A copy of the detailed investment holdings report is available upon request or at the State Treasurer's website at: <https://nevadatreasurer.gov/StatePortfolios.htm>.

LGIP PORTFOLIO Amortized Book Value and Purchased Interest

	<u>September 30, 2013</u>		<u>June 30, 2013</u>	
	<u>Amortized Book</u>	<u>Purchased Interest</u>	<u>Amortized Book</u>	<u>Purchased Interest</u>
MONEY MARKET FUNDS	\$ 26,579,138		\$ -	
COMMERCIAL PAPER	56,027,631		44,008,712	
CORPORATE NOTES	-		5,003,771	
CERTIFICATES OF DEPOSIT	20,000,923	12,283	15,000,000	
MUNICIPAL BONDS	-		-	
U.S. TREASURIES				
NOTES	34,983,117		59,286,538	
BILLS	-		-	
U.S. AGENCIES	366,315,001	22,881	375,149,899	20,488
TOTAL	\$ 503,905,810	\$ 35,164	\$ 498,448,920	\$ 20,488
GRAND TOTAL	\$503,940,973		\$498,469,408	



TOTAL INTEREST EARNED FY 2014 THROUGH SEPT. 30, 2013: \$165,853.46

YEAR-TO-YEAR BOOK VALUE AND PURCHASED INTEREST COMPARISON

September 30, 2013 September 30, 2012

TOTAL PORTFOLIO \$503,940,973 \$ 494,712,995